

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 10987 270641Z

12

ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PRS-01 PA-01 /082 W

----- 027171

P 270609Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 7986

LIMITED OFFICIAL USE MANILA 10987

USADB

FOR NAC AGENCIES

E.O. 11652: ADS, DECLAS 10/27/76

TAGS: EAID, EFIN

SUBJECT: SPECIAL RESERVE FUND ASSETS

SUMMARY: ADB MANAGEMENT RECOMMENDS THAT PRESENT ARRANGEMENT OF TREATING COMMISSIONS ACCURED BY ADB ON ORDINARY CAPITAL LOANS IN FOUR CURRENCIES BE FURTHER SIMPLIFIED BY TREATING THEM ONLY IN ONE CURRENCY, NAMELY US DOLLAR, WHICH IS CURRENCY IN WHICH BANK'S LOANS ARE DENOMINATED AND CURRENCY WHICH IS BANK'S UNIT OF ACCOUNT. NAC GUIDANCE REQUESTED. END SUMMARY.

1. ARTICLE 16.1 OF ADB ARTICLES OF AGREEMENT PROVIDES THAT BANK SHALL CHARGE, IN ADDITION TO INTEREST, COMMISSION OF NOT LESS THAN ONE PERCENT PER ANNUM ON DIRECT LOANS UNDER ORDINARY OPERATIONS. ARTICLES 17 AND 18 FURTHER PROVIDE THAT COMMISSIONS RECEIVED BY HELD IN LIQUID FORM AND SET ASIDE AS SPECIAL RESERVE, AND THAT PAYMENTS IN DISCHARGE OF BANK'S LIABILITIES ON BORROWINGS OR

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 10987 270641Z

GUARANTEES CHARGEABLE TO OC RESOURCSS SHALL BE

CHARGED FIRST AGAINST SPECIAL RESERVE.

2. BOARD OF DIRECTORS HAS, AT VARIOUS TIMES, RESOLVED THAT RATES OF INTEREST APPLICABLE TO OC LOANS ARE INCLUSIVE OF ONE PERCENT COMMISSION. COMMISSIONS RECEIVED, EXCEPT SMALL AMOUNTS IN INDIVIDUAL CURRENCIES, HAVE BEEN INVESTED IN TIME DEPOSITS, CERTIFICATES OF DEPOSITS AND SIMILAR INVESTMENTS, IN ACCORDANCE WITH BOARD-APPROVED INVESTMENT GUIDELINES. SUCH ASSETS HAVE BEEN IDENTIFIED AS SPECIAL RESERVE FUND (SFR) ASSETS.

3. IN ADB BOC. R4-74 OF JANUARY 4, 1974, BANK MANAGEMENT POINTED OUT THAT BULK OF BANK'S COMMISSIONS HAD ACCURED AND HAD BEEN COLLECTED IN FOUR CURRENCIES (DEUTSCHE MARK, JAPANESE YEN, POUND STERLING AND US DOLLAR), AND SRF ASSETS HAD BEEN INVESTED IN THESE FOUR CURRENCIES AS AMOUNTS IN OTHER CURRENCIES WERE TOO SMALL TO BE INVESTED. TO AVOID PROLIFERATION OF SMALL AMOUNTS IN TOO MANY CURRENCIES IN FUTURE AND TO FACILITATE INVESTMENTS, BOARD OF DIRECTORS APPROVED RECOMMENDATION THAT COMMISSIONS ACCRUING IN VARIOUS CURRENCIES BE CONVERTED, BY MEANS OF INTERNAL ACCOUNTING ADJUSTMENTS, INTO ABOVE FOUR CURRENCIES AS INITIAL TRANSITIONAL STEP, WITH MATTER SUBJECT TO LATER REVIEW.

4. SUBSEQUENT EXPERIENCE HAS SHOWN THAT USE OF FOUR CURRENCIES HAS NOT LESSENE CUMBERSOME ACCOUNTING PROCEDURE. TO ALLEVIATE ACCOUNTING BURDEN AND THEREBY REDUCE ADMINISTRATIVE COST, BANK MANAGEMENT RECOMMENDS THAT ARRANGEMENT BE FURTHER SIMPLIFIED BY TREATING COMMISSIONS ACCRUED ONLY IN ONE CURRENCY, ANMELY US DOLLAR, WHICH IS CURRENCY IN WHICH BANK'S LOANS ARE DENOMINATED AND CURRENCY WHICH IS BANK'S UNIT OF ACCOUNT. IF APPROVED, NEW ARRANGEMENT WOULD BE IMPLEMENTED FROM JANUARY 1, 1977 IN ORDER FOR BANK TO COMPLETE CURRENT YEAR USING ONE (CURRENT) PROCEDURE ONLY AND TO PROVIDE SUFFICIENT TIME TO CHANGE ACCOUNTING PROCEDURES AND COMPUTER PROGRAMS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 10987 270641Z

5. ADB DOC. R80-76 ON ABOVE SUBJECT WAS POUCHED JULY 26 AND WILL BE CONSIDERED BY BOARD OF DIRECTORS AUGUST 12. NAC GUIDANCE REQUESTED.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUDGETS, POLICIES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MANILA10987
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760288-0826
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760715/aaaaanib.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 27 SEP 2004
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <16 JAN 2004 by GarlanWA, REFER TO CIA>; RELEASED <27 SEP 2004 by BoyleJA>; APPROVED <29 SEP 2004 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SPECIAL RESERVE FUND ASSETS SUMMARY: ADB MANAGEMENT RECOMMENDS THAT PRESENT ARRANGEMENT
TAGS: EAID, EFIN, ADB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006